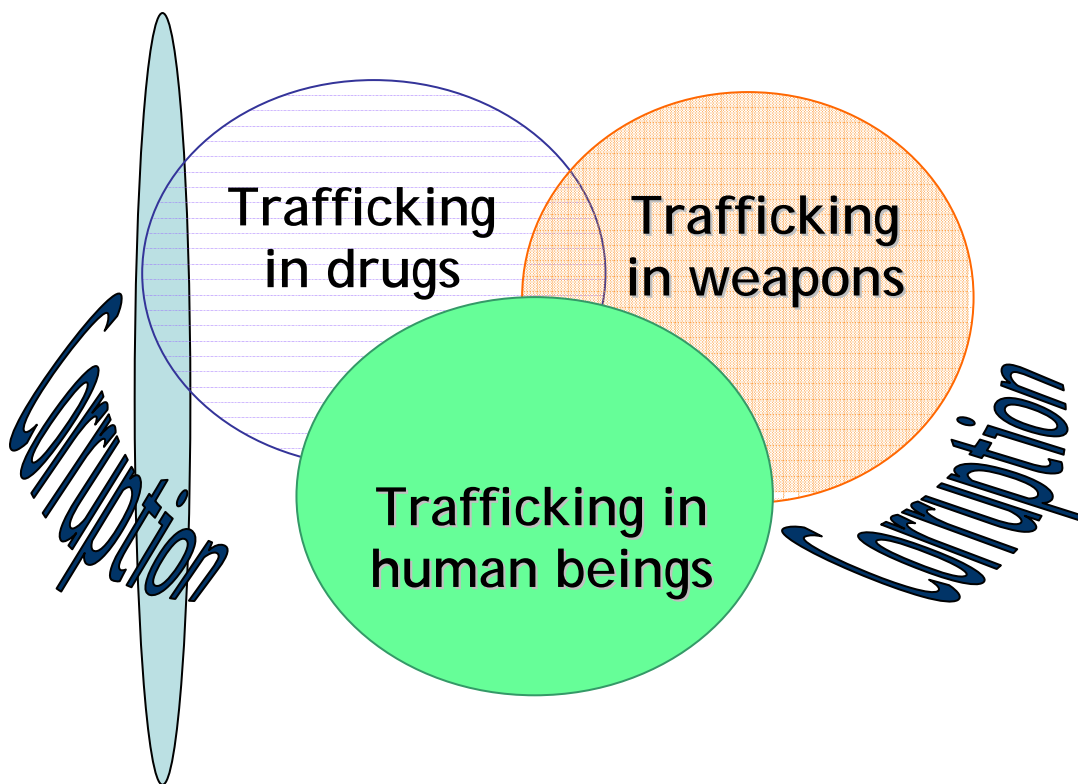


## Organized Crime in the Western Balkans





# Organized Crime in the Western Balkans

*Dejan Anastasijevic*<sup>1</sup>

*The author provides a short history and a general overview of the situation and trends in the three most vibrant and resilient sectors of organized crime in the Western Balkans – illicit drugs, weapons, and human trafficking – and aims to assess the government’s efforts (or the lack of it). The author provides also recommendations for the future. He concludes that the three main sectors of organized crime activities – trafficking in drugs, human beings, and weapons – are intertwined, and all three are deeply embedded in the pervasive culture of corruption in the region and that there is no comprehensive strategy to address the problem, neither locally, nor in the EU, although organized crime in the Western Balkans is widely recognized as the main threat against stability in the region and in Europe.*

## **I. Introduction**

Six years after the end of the Yugoslav wars, it can be safely asserted that the potential for large scale armed conflicts in the Western Balkans is, by large, diminished. However, the states which emerged from Yugoslavia’s ruins are suffering from chronic political instability, high unemployment rate, and lack of rule of law. That, along with widespread corruption, unresolved ethnic issues, and porous borders makes them susceptible to both terrorism and organized crime. Moreover, the law enforcement structures in the region are largely relics from the war period, unaccustomed to democratic environment. Designed to serve autocratic regimes in deep secrecy, they remain deeply suspicious towards any attempt to reform and accountability.

Also it should be noted that in Serbia and Montenegro, the regime of Slobodan Milosevic was not only corrupted, autocratic, and criminalized: it was a criminal regime, whose whole security sector was deeply involved not just in war crimes, but also in classic forms of organized crime: drug and weapons trafficking, extortion, kidnappings, and targeted assassinations. The security systems in other republics, sadly, replicated this model to various degrees throughout most of the 90’s. Although there are now ongoing efforts in all former Yugoslav republics to reform these structures in accordance to European standards, most observers agree that these reforms are, at best, only mildly effective, and at worst they are counterproductive. In Serbia, for example, the Security Information Agency (BIA), which previously operated under the auspices of the Ministry of Interior, was “reformed” by defining it as an “independent” agency, effectively placing it out of government’s jurisdiction and control. The situation in Macedonia is not much better, and Croatia, despite some improvements, is still struggling to dismantle Franjo Tudjman’s malignant legacy.

It is even worse in Bosnia-Herzegovina and Kosovo, where the international effort in nation-building yields mixed results in containing terrorism and organized crime. In both countries, overlapping

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jurisdictions of local and international administrations enables constant shifting of responsibility between national and international judiciary and law enforcement agencies. In Bosnia, local police and courts are in the grip of Serbian, Bosniak, and Croat nationalist parties each firmly entrenched in their respective territories; and in Kosovo, former KLA cadre, successfully transformed into organized crime groups, wield more power than both local and international bureaucrats.

Unlike their legal counterparts, organized crime groups in the Western Balkans are multiethnic, cross-border, and well integrated in corresponding European counterparts: Kosovo Albanian, Serbian, Bosnian, and Croatian drug smugglers are happy to work together, as well with Afghan heroin manufacturers and as with Western European distributors. Human traffickers also move their “merchandise” with minimum risk. And while the Balkan is no longer an attractive destination market for illegal weapons, the surplus caches left behind after the war are finding their way to the war zones in Africa and the Middle East.

Still, the situation is not totally bleak. In recent years, most countries in the region have made efforts, in various degrees, to improve their legislation, reform the law enforcement agencies, and create regional networks for fighting organized crime. However, most of these efforts are instigated from the outside, rather than by local governments’ awareness of the social and economic cost inflicted by the activities of organized criminals.

The aim of this survey is to provide a short history and general overview of the situation and trends in the three most vibrant and resilient sectors of organized crime – illicit drugs, weapons, and human trafficking – and to assess the government’s efforts (or the lack of it) in containing them, as well to provide recommendations for the future.

## **II. Part I: Drugs – Just Follow the Heroin**

While all the varieties of illicit drugs, from home-grown cannabis to synthetic drugs are easily available in the Balkans, the heroin trade is the one that causes most concern. Because of its profitability and the human cost it inflicts through the destruction of lives of the most productive strata of the population (the average age of the heroin addict is 25), and the spread of AIDS. It is easy to see why the heroin is such a menace: the shortest route from Afghanistan, where around 90 % of the heroin intended for European market is produced, to the street corners of Western European capitals, leads straight through the Balkans, roughly following the historical Silk Road. In Turkey, a kilogram of Number 4 (92 % pure) heroin can be obtained for between 7,000 and 12,000 US dollars; in Austria, the same kilo costs 40,000 US dollars and up, and in Norway, over 60,000 US dollars. Such a high profit margin is a constant source of temptation both for the traffickers and the corrupted law enforcement officials.

During much of the 90s, the traditional Balkan route from Turkey via Bulgaria, Macedonia, Serbia, Bosnia-Herzegovina, Croatia, Slovenia, Austria, Germany and the Netherlands was disrupted by war, although occasional transports of opiates were sometimes intercepted (one such transport, seized by Yugoslav customs on Bulgarian border in 1997, contained over 350 kilos of heroin). Instead, the drugs moved from Turkey via Bulgaria, Romania and Hungary to Slovakia, the Czech Republic, Germany and the Netherlands, or via Hungary and/or Slovakia to Austria and then to Germany and the Netherlands. However, after the year 2000, a southern branch re-emerged, with heroin smuggled from Turkey via Bulgaria and the Macedonia (FYROM) to Albania, Italy, Austria and Germany. In addition, trucks transported on ferries from Turkey to Albania, Croatia, Slovenia and northern Italy (Trieste) are frequently used to traffic opiates to Western Europe, often transiting Austria and Germany. The German Federal Criminal Police Office reports that in 2004, 45 % of all German heroin seizures took place close to the Austrian border.



The increase in European seizures was primarily due to the doubling of opiate seizures in South-East Europe (Balkan route countries). The largest increases in South-East Europe were reported by Turkey, Serbia and Montenegro, Croatia and Albania. More than 15 metric tons were seized in South East Europe, exceeding the total seizures made in West and Central Europe (9 metric tons) and Eastern Europe (4 metric tons in European C.I.S. countries).

It does not help that many borders along the Balkan route cut across closely-knit ethnic communities, some of which are traditionally prone to smuggling. The border crossings are poorly maintained, and often easily bypassed via “alternative” mountain roads. This especially applies to Kosovo, which has porous borders with Macedonia, Albania, and Serbia proper, with ethnic Albanians lining up the area along Kosovo’s frontiers. Although Kosovo is somewhat off the traditional Balkan route, it is an ideal storage site for heroin smuggled from Macedonia or Albania, which can then be re-packed and sent westwards through Serbia or Montenegro. That, and the presence of large ethnic Albanian Diaspora in Turkey, Austria, Germany, and Switzerland allowed ethnic Albanian rings to emerge as the dominant force in European drugs trafficking and distribution. According to Swiss police estimates, ethnic Albanians control about 80 % of the lucrative heroin market in Switzerland, and raising stakes in other European countries.

Until recently, the UN-led administration in Kosovo, preoccupied by maintaining basic security and focused mostly on managing ethnic conflicts, largely ignored the drug problem in the province; in 2000, Bernard Couchner, the then chief of the UN mission in Kosovo, baldly stated that “...*there is no drug problem in Kosovo, because no drugs were seized since the mission was established*” The attitude has somewhat changed in the past few years, and international police made several large seizures. However, the notoriously slow and defunct legal system in Kosovo often allows suspects to evade conviction.

Since Kosovo is land-locked and set somewhat outside of main international highways, Albanian drug lords have to work closely with their Macedonian, Serbian, and Bulgarian partners in order to move the shipments towards their western destinations. Typically, the heroin enters Kosovo from Macedonia, and is then stored in places like Urosevac (Ferizaj) or Vucitrn (Vushtri), near the Serbian border. Then, after the arrangements are made, large shipments cross into Serbia through a porous stretch of the border near the Serbian town of Presevo, and from there, there are only 15 kilometres to the international highway that links Athens, Skopje, and Belgrade to Western European capitals.

An interesting insight into the way the crime gangs co-operate can be obtained from the case of Qamil Shabani, an ethnic Albanian from Urosevac. Shabani was a close associate of Metush Bajrami, an ethnic Albanian from Macedonia with a Bulgarian citizenship, who supervised heroin transports via Turkey, Bulgaria, and Macedonia. But Shabani was also linked with the Serbian crime ring known as the Zemun gang, which was well-connected with BIA, Serbian largest security agency. Until the ring was busted, members of the Zemun gang were regularly picking up heroin shipments from Shabani’s warehouse in Urosevac and transported them into Serbia through the Presevo valley; thanks to their connections with BIA, their vehicles were often escorted by Serbian security officers, ensuring the trucks could pass through police checkpoints without being searched. The scheme worked until the leaders of the Zemun gang and their BIA accomplices were arrested in 2003, after they organized the assassination of Zoran Djindjic, Serbia’s Prime Minister. Shabani continued to operate, presumably with new Serbian partners, until September 2005, when he was arrested by the international police after some 110 kilograms of high-grade heroin were found in his possession. Metush Bajrami was picked up some months earlier near Milan, Italy; both men are still pending trial. However, the involvement of Serbia’s security services in drug trafficking has never been properly investigated.

During the reign of Slobodan Milosevic, his government intentionally merged its law-enforcing institutions, and especially the security service, with organized crime to set up an extensive system of parallel grey and black economies to circumvent the UN-imposed sanctions. The purpose of these



economies was twofold: first, to profit those involved; second, to serve as a safety valve, and thus prevent a popular uprising of the impoverished population, which became absolutely dependent on the black market and the shadow economy. This dependency also cemented the bond between the Serbian security apparatus and organized crime. And while the smuggling channels during the war were mostly used for trafficking oil, cigarette, tobacco, and arms, after the war's end and the lifting of sanctions, same channels and networks were used for more profitable drugs smuggling operations. And again, the state security played a pivotal role.

Although hard facts of the involvement of BIA (formerly called the State Security Service, or SDB) are hard to find due to the clandestine nature of their operations, there is enough circumstantial evidence to corroborate the link. In September 2001, almost a year after Milosevic was toppled, some 700 kilograms of heroin and cocaine were found in a private bank's vault in central Belgrade. It turned out that the vault was rented to BIA two years earlier, which used it to store drugs confiscated by customs in previous years, allegedly for "safekeeping". Although this was clearly illegal by Serbian law, which strictly states that all confiscated drugs must be placed in control of the courts, and then destroyed after legal proceedings are over, no charges were ever brought against BIA officials, nor was it explained why such a large quantity of drugs were stored in such an awkward fashion. The drugs were allegedly destroyed after the find, but again, no one except police and BIA officials were present during this act. According to the law, court officials and independent experts have to be present whenever illegal drugs are being destroyed.

During the ongoing trial of the assassins of Prime Minister Djindjic, it was established that the leading members of the Zemun gang underwent "special training courses" by BIA, and that the agency routinely provided protection for the gang members. The Zemun gang's main field of operation was drug smuggling, but they were also engaged in kidnappings, extortion, and targeted assassinations. The only explanation from BIA's officials was that the gang members were providing the agency with "valuable data on Albanian terrorists in Kosovo". Curiously, neither the prosecutors nor the judge demanded further explanations, or decided to probe into this matter.

Some attempts of reforming Serbian security agencies (besides BIA there is four smaller agencies) were undertaken after Milosevic's fall. In July 2002, the Serbian Parliament abolished the SDB and established a new agency in its place, called the Security Information Agency (Bezbednosno-informativna agencija, BIA). BIA was removed from the jurisdiction of the Ministry of Interior, and, as a special state agency, was placed under the control of the government. The BIA's tasks include both intelligence and counterintelligence activities. Most of its staff were employees of the former SDB, though not all of them were re-employed by the new agency. Combating organized crime was named as one of the priorities of the new agency, and in 2002 the BIA produced an extensive analysis of organized crime in Serbia. Critics of the new agency, however, highlighted that the law, which established the BIA, only gave Parliament superficial jurisdiction over the agency. Parliamentary control is limited to two reports, presented to the Parliamentary Committee for Defense and Security every six months. Judiciary control over the agency is also very limited. Permission to use special means of surveillance is, according to the law, granted by the president of the Serbian High Court, and not by the High Court Council.

The BIA in essence failed to confirm optimistic predictions, expressed by the officials of the Serbian government at its creation. Despite some changes at the top levels of the BIA, the agency remains largely unreformed and outside of genuine public scrutiny. Prominent BIA agents, who maintained close relations with the Zemun gang and with the so-called "patriotic" (i.e. ultranationalist) forces, retained their positions. The BIA thus remains a serious potential obstacle to reforms and to the fight against organized crime, not just in the field of drug trafficking.

On the other hand, as of recently, the Serbian government has introduced series of measures aimed at combating drugs trafficking. The 2003 Act on Trafficking of Illegal Drugs has introduced new,



harsher sentences, and for the first time, the mere possession of any quantity of illegal drugs has become a criminal offence. Even more importantly, as of this year, the Customs Services is granted widened powers, including the authority to conduct phone tapping, and to infiltrate its agents into criminal rings (until recently, only BIA and Military Intelligence and Counter Intelligence Services had the authority and means for electronic surveillance). Also, the Department for Combating Organized Crime (Odeljenje za borbu protiv organizovanog kriminala, or OBPOK) has announced plans to boost the number of agents in its anti-drug division from about dozen to 50, as well as establishing regional offices throughout the country (right now, OBPOK has no branch offices outside the capital).

Lately, Serbian police and customs have had more success in intercepting heroin shipments: more than 360 kilograms were seized during the first six months of 2006, more than twice than in two previous years. Still, the street price of heroin in Serbia – between 15 and 20 euros per gram – indicates that the drug is both abundant and easily available, and the fact that this price has remained stable for the past five years proves that much more needs to be done in order to reduce the heroin flow through Serbia towards the Western markets.

Bosnia-Herzegovina, which is the next country on the Balkan heroin route, also has a poor record in containing the drug trafficking. There is no specialized drug enforcement agency, neither on the state level, nor within the two Bosnian entities: Republika Srpska and The Bosnia-Herzegovina Federation. The bulk of the effort to contain drug dealers and smugglers is left over to customs and local – municipal and cantonal – police, which has neither the cadre nor the equipment to deal with organized crime rings. There is also no available statistic on how much drugs were seized in the republic in recent period.

Bosnian borders with both Serbia and Croatia are porous and crossing them can be, quite literally, a walk in the park. So, once a heroin shipment reaches Serbia, moving it to Croatia, either directly or through Bosnia is not much of a challenge. Although Croatia shared many problems with Serbia during the reign of authoritarian President Franjo Tudjman, the country has since shown a significant progress in suppressing organized crime. Apart from Romania, Croatia is the only Balkan country with a National Strategy on Suppressing Trafficking and Abuse of Illegal Drugs, which binds together different government, international, and non-governmental institutions. Serbian government has vowed to forge such a strategy, as well as the agency to implement it, by the end of this year, but delays are expected due to current political instability.

Although heroin trade remains the largest and most malignant problem in the Western Balkans, other drugs are also present. The abuse of cocaine and amphetamine-type-stimulants (ATS), such as ecstasy, amphetamine, and methamphetamine, is on the rise, and cannabis is omnipresent. In February 2003, police raided several pharmaceutical factories near Belgrade, discovering a large quantity of ATS (mostly amphetamine). The investigation revealed that the ringleader, doctor Milan Zarubica, was producing tons of stimulants under the pretext of research and development of a new drug, and exported them throughout Europe. Zarubica was sentenced to 12 years in jail, and fourteen of his associates also got lengthily jail sentences. Since then, most of ATS found in the Balkans are manufactured outside the region and smuggled to the Balkans for local consumption; cannabis is both grown and consumed locally, but the presence of cocaine, often found in smaller quantities in heroin shipments, is a cause for concern.

Another cause for concern is the growing local consumption of opiates. The steady flow of cheap heroin through the region, coupled by high unemployment rate and poor social care, all contribute to spreading of addiction among 16 to 25 years old. This especially applies to Kosovo, where the collapse of traditional society after the conflict, as well as the general lack of the rule of law, makes the young particularly vulnerable to drug dealers. In Bosnia, too, the situation can be described as dramatic, and in some municipalities, like Travnik, it is estimated that some 10 % of 15 to 30 year olds



are addicted to heroin. Despite all this, local authorities show only token effort to fight this scourge, and when they do, they usually limit them to short-lived publicity campaigns, sometimes coupled with ad hoc police raids aimed at rounding up small time drug dealers. The overall social and economic cost of such negligence, through the destruction of young lives, the spreading of HIV/AIDS, and the corrosive corruption, is impossible to calculate.

Clearly, a more systematic approach is needed in order to make the Balkans less permeable to both international and local trafficking. National governments should be pressed to form specialized agencies to deal with this problem, and a regional interagency, liaised with EUPOL, UNDOC, and other international organizations would be of great help. Perhaps the strategy which was used in suppressing human trafficking in the region (discussed in next chapter) could be a useful model for approaching the drug-trafficking problem.

### **III.Part II: Human Trafficking – A Success Story**

Although human trafficking is an ancient phenomenon, it has been recognized as a serious problem by the West relatively recently, and even more recently in the Western Balkans, where it emerged during and after the Yugoslav wars, and quickly became rampant. The destruction of social fabric caused by the war, coupled with massive migrations, and the economic collapse, worked together to create fertile ground for dealers in human beings. Only when the problem became so acute that it became obvious that it transcends its most common manifestations – prostitution, beggary, and illegal border-crossings – it became apparent that the urgent and coordinated action was necessary. It turned out that the well-thought and coordinated local and international efforts yielded impressive results in a relatively short time period.

According to the U.N. Convention against Transnational Organized Crime, human trafficking involves: “*trafficking in persons shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve consent of a person having control over another person for the purpose of exploitation.*” In Western Balkans, this activity roughly falls into three sub-categories: trafficking of women, mostly for sexual exploitation; trafficking of men, usually poor migrants, for illegal labour markets; and trafficking of children, mostly Roma, and engaging them as beggars, thieves, and burglars. All three categories were, and still are, present in the Western Balkans.

It is difficult to determine the extent and characteristics of trafficking in humans for several reasons. First, only a very small number of victims turn to the police or some organisation assisting the victims. Besides, most of the governmental and non-governmental organizations give different figures about this phenomenon, which is a product of the absence of a combined system for monitoring and analysing. For example, according to the United Nations Report, it is estimated that every year 700.000 women and children from all over the world become victims of trafficking in people, whereas according to the results of a Swedish non-governmental agency called Kvinna till Kvinna, it is estimated that every year about 500.000 women from all over the world are trafficked into Western Europe. The International Organization for Migrations (IOM) recorded in its survey for 1997 that in that year 175.000 women were trafficked from Central and Eastern Europe and the countries of former Soviet Union. More recent IOM reports reveal that every year 120.000 women are trafficked into the EU countries, mostly through the Balkans. Latest reports for South-eastern Europe (UNICEF —2002) point out that as much as 90 % of the women — foreign citizens involved in sex industry in the Balkans are victims of trafficking for the purpose of sexual exploitation.

The main routes towards economically and socially well-off countries of Western Europe are the following: firstly, via Bosnia and Herzegovina, Croatia and partially Slovenia to Italy or Austria;



secondly, from Moldova, Romania, Serbia and Montenegro to Albania, and across the Adriatic Sea into Italy; thirdly, from Romania, Bulgaria and Albania (through FYR Macedonia) to Greece. In addition to this transnational dimension of human trafficking, internal trafficking from rural to urban areas is not decreasing and is even more difficult to be traced. In some cases corrupt local officials protect traffickers and thus ensure an unimpeded flow of women and children trafficked within the country.

The majority of victims of trafficking are of the average age of 14 up to 32 years and they originate mainly from rural or poor urban areas. Violence or sexual abuse in families and lack of job opportunities in their communities are among the main push factors. An additional problem presents a low educational background: most victims have merely completed primary school or have a bit of high school education. Namely, difficult family conditions and a traditional attitude towards gender roles prevent them from continuing their educational process. And as a result they are directly pushed into the hands of the trafficking agents. Upon arrival to the “promised” destination, victims are very often left without their identification documents and are placed under the control of traffickers. If the victims resist cooperating with the traffickers, they are most likely threatened to be handed over to the authorities of the country they reside in illegally. Without personal documents, financial resources and insufficient knowledge of language they have no other choice but to cooperate.

Compared to trafficking of drugs or weapons, trading in human beings has one obvious advantage: unlike most other consumer goods, a human being can be sold over and over again losing much of his/her value. According to police reports, a young woman can be bought for between 500 and 5.000 euros, and once she is forced into prostitution, she can earn her owner as much as 15.000 euros a month; then she can be resold and replaced by another victim. Lack of social awareness, lenient laws, and (in cases of Kosovo and Bosnia) large presence of international peacekeepers and bureaucrats, coupled with the push factors mentioned above, turned human trafficking – especially in women – a low-risk, and highly-profitable enterprise.

So it is no wonder that, at the turn of the century, the Western Balkans became a paradise for the business: six years ago, estimated 2,000 women were engaged in various capacities associated with human trafficking in Serbia alone. Brothels, thinly masked as nightclubs, escort agencies, and massage parlours, were not only abundant, but aggressively advertised in the media, along with offers for “lucrative jobs for attractive girls in Western Europe”. In Bosnia and in Kosovo, hundreds of “nightclubs” offered sex services to foreigners and local “businessmen”, often with full knowledge and protection of local and international police.

The first step in addressing this issue was signing of the Palermo Anti-Trafficking Declaration on the initiative of the Stability Pact for South Eastern Europe in 2000, as well as the follow-up Statements on Commitments (Zagreb 2002, Tirana 2003, Sofia 2003). The declaration, signed by most countries in the region, provided a useful framework and clear guidelines in fighting human trafficking.

The next step required changes in Serbian Criminal Code. Before the middle of April 2003, in the territory of Serbia it was possible to prosecute the perpetrators of trafficking in people only on the grounds of offences that contained elements of trafficking in people: conception of establishing of slavery and transport people in slavery, illicit crossing of state borders, and the intermediation in the exercise of prostitution. In addition to these criminal offences, the implication of a number of other incriminations was possible, such as abduction, unlawful deprivation of liberty, homicide, grievous bodily injuries, rape, impairment of security, threatening, coercion, etc., but they all proved to be insufficient since all those offences are only fragmentary incriminations the applying of which is not an adequate measure for the prosecution of trafficking in people which in itself is a type of crime comprising of several criminal offences. However, even those provisions which could be used in cases of trafficking as mentioned above were hardly ever implemented in practice and, therefore, the dark figure of crime was quite significant in this field.



However, on 11 April 2003 the amendment to the Proposal of the Law on Amendments of the Criminal Code of Serbia was adopted and the criminal offence of trafficking in people was included in the Criminal Code of the Republic of Serbia (Article 111b) as a separate crime, defined according to the international standards. The new law introduced stiff penalties, of up to ten years in prison, with mandatory jail sentences if the victims were tortured, or were below the age of consent at the time of the crime. On 16 May 2005, Serbia signed another important international treaty – the Council of Europe's Convention on Action against Trafficking in Human Beings. As of this year, the final piece in the legal puzzle – the introduction of witness protection program – is also in place. Similar amendments were introduced into legislation of Bulgaria, Macedonia, Bosnia-Herzegovina, and other countries engaged in this effort.

However, even the new laws have serious loopholes. Anti Sex Trafficking Action (ASTRA), the leading NGO specialized in this field, points out that the penalties are still too lenient, and that purchasing of services of trafficked women is still not considered an offence. Also, ASTRA objects that not enough attention has been paid to the protection of the victims.

In September 2003, SECI (the Southeast European Cooperative Initiative), the Romanian-based regional centre for fighting trans-border crime, launched operation Mirage, a coordinated crack down on human traffickers in the region (the operation was conceived as early in 2000). During the 10-day regional effort, law enforcement authorities targeted both victims of and criminals involved in trafficking in human beings. Out of almost 600 identified traffickers, 207 were charged, and most of them convicted under the new laws (some trials are still in progress). Out of the remaining suspects, 319 are still under investigation.

Even more importantly, almost 500 victims of human trafficking were freed from the clutches of their “owners” and 63 were provided with assistance (services included shelter, repatriation, and psychological counselling). In 2.175 cases administrative measures were applied (fees, interdictions, temporary imprisonment, deportation).

Although operation Mirage did not eradicate human trafficking in the region, government officials and NGOs agree that a significant progress was being made. In 2005, 24 persons were arrested for sex-trafficking offences in Serbia, and over 181 victims were registered. In the same year, 11 people-smuggling rings were discovered, and 23 persons were arrested. The smuggled people came from a wide variety of countries, from Moldova to Bangladesh, Pakistan, and even Sri Lanka. Most entered Serbia through Kosovo, landing on Pristina airport first. Serbian prosecutors claim that their repeated requests for the arrest of identified people-smugglers were often ignored by the international police in Kosovo. According to them, the cooperation was slightly improved after the 7 July 2005 London bombing, after which the British-led international police finally arrested a suspect with the codename “Munir” from Bangladesh who was allegedly the mastermind of the smuggling channel. The suspect lived in Pristina for at least five years, and it is estimated that at least 800 of his compatriots were smuggled to the West, through Serbia, in between 2002-2004. “Munir” is still pending trial.

However, much more needs to be done concerning the trafficking of children. Although this phenomenon has so far been mostly restricted to Asia, lately the focus has shifted towards the Eastern European countries. These countries have become main “exporters” of children to the countries of Western Europe, particularly to Italy, Greece, Cyprus, etc. In June 2002, the Greek police discovered a criminal group involved in trafficking of Bulgarian children. During the investigation, it turned out that children were sold at the black market for a price of 1.500-15.000 euros to Western couples.

Although no one disputes that a clear progress has been made in Serbia, human rights groups argue that the human trafficking is merely pushed deeper underground. The sex trafficking centres have disappeared from Belgrade, but many operate unhindered in Sandzak, a largely Muslim populated area in South-western Serbia. The vicinity of both Bosnian and Kosovo border, as well as the lingering



ethnic tension in Sandzak make it a suitable base for this kind of activity, as well as for drugs trafficking.

Still, compared with the other efforts to combat organized crime, suppression of human trafficking has worked better than most. But this was only possible because of several factors:

- 1) There was a clear political will, both within the Western Balkans countries, the EU, and other international organizations to address this problem. Besides, there was nothing politically controversial about stamping out modern-day human slavery.
- 2) The campaign was well coordinate on the local, national, and international level.
- 3) The funding was not a problem, since there was a clear interest of rich Western countries to address the problem at the source, before it arrives at their doorstep. In 2004, the US and Swedish governments alone contributed over 33.000 US dollars to various programs aimed at prevention of human trafficking.
- 4) Apart from national governments and international organizations, NGOs like ASTRA were included from the start, providing the data, as well as expertise and training for the executive and legislative government branches. The media sector was also engaged early on, by helping to raise public awareness and political support.
- 5) The corrupted security sector, traditionally involved in smuggling drugs and weapons, was never deeply interested in controlling human trafficking, so they had little interest to pervert or obstruct the campaign.

Whether the lessons learned in suppressing human trafficking can also be applied in combating other forms of organized crime will be discussed further in the closing chapter of this paper.

#### **IV. The Passage of Arms**

Although potentially extremely dangerous, arms trafficking is the least visible aspect of organized crime activity in the region. In essence, it unfolds on two levels: one is the trade of small arms, mostly handguns and assault rifles, aimed at the Western European markets (Italy and Holland are the most common markets). However, there is ample evidence that the Serbian government was, at least until recently, involved in illegal exports of arms and military equipment on a much grander scale. In the course of the last three years some measures have been taken to address the problem on both levels, but the lack of systematic effort indicates that it remains seriously neglected, and that arms trafficking, unlike drug dealing and human trafficking, it is not widely perceived as a menace to society, neither on public nor on political level. This stands in stark contrast with global anti-terrorism efforts, as well as the declared willingness of Serbia and other Balkan nations to help reduce the terrorism effort.

The wars in former Yugoslavia left massive quantities of weapons and other military hardware – from small arms to plastic explosives and even light artillery – outside of effective government control. Before its violent breakdown, Yugoslavia maintained the fourth largest army in Europe, with the matching military industrial complex. Although the military - Yugoslav People's Army, also known as the JNA - was largely based on the Soviet model, most of the weapons – from AK-47 assault rifles to T 72 tanks - were manufactured locally, according to Tito's doctrine of self-sufficiency and non-alignment. The non-alignment movement was also a great vehicle for arms exports to Middle Eastern and African countries. This peaked in the late 70s and through the 80s: Yugoslav-made Kalashnikovs, multiple rocket launchers, and even light fighter jet planes were in use in many corners of the world, and some still are. Moreover, Tito never abandoned the partisan warfare concept, based on the World War II experience. Nothing was ever thrown away or destroyed: obsolete, but fully functional leftovers from the 50s and 60s were carefully conserved and stashed in secret warehouses throughout the country, to be used against a future occupation. These caches were formally controlled by the Territorial Defense, a part of the armed forces which was effectively under the control by the republics



(JNA was nominally under federal control, but *de facto* ruled by Milosevic). As the war started, the TD stockpiles were the primary source of weapons for paramilitary and militia units which played an important role throughout the war.

Indeed, the first shots in Yugoslav war – in 1991 Croatia, by Serbian militia - were fired from Thompson rifles which came to Yugoslavia in the 50s, as a part of US military aid program, decommissioned by the JNA sometime in the 70s, then stashed in a TD cache in Vojvodina (this was possible to determine by the serial numbers on the weapons). How these guns came into the hands of Serbian militia in 1991 was never properly investigated. Although Thompsons from the early era were, as the war progressed, quickly replaced by omnipresent Kalashnikovs, some of them are still in circulation – Thompsons from the caches were used in a recent bank robbery in Belgrade.

One of the international community's first reactions to the outbreak of the Yugoslav wars was the arms embargo, imposed on all six republics in May of 1992. This had little effect on Serbia, which maintained the control of the Yugoslav People's Army and its vast resources, but the embargo badly hit the budding defence forces of Bosnia and Croatia. As a result, these two republics turned to international black marketers, and weapons started pouring in: first from Argentina and South Africa, and then from ample stockpiles of the dismembered Warsaw Pact. In the later stages of the war, even Serbia had to import illegally, often sharing the same smuggling channels with their enemies. Political or ethnic issues were never a problem: one of the largest contingents of weapons that ever entered the region, in 1994-1995, was shipped from Iran to Bosnia through Croatia as a part of a secret US program aimed at bolstering the Bosnian Army. Croatia took a hefty 30 % cut from each load.

Another benchmark event for the region was the breakdown of the Albanian government in 1997. Over one million Chinese-made AK-47 and a vast quantity of other small arms were looted from the Albanian Army stockpiles; most ended up in Kosovo, in the hands of the Kosovo Liberation Army, and quite a lot is presumably still there. Repeated disarmament campaigns, launched by UN and NATO after the conflict, yielded pitiful results.

As the wars died down, the same law of supply and demand that attracted international arms dealers to the former Yugoslavia summoned them back, but this time, the flow was reversed: the weapons started pouring out, towards other conflict-stricken areas of the world. One well-researched example involving state-sponsored trafficking from Serbia to Iraq and Libya, expose the nuts and bolts of the international arms trafficking from the Balkans.

In October of 2002, NATO forces raided and searched "Orao" ("Eagle"), an air force maintenance facility near the eastern Bosnian town of Bijeljina, a Serb dominated area. Among the documents seized in the raid was a correspondence with Iraqi Ministry of Defense (then still under the control of Saddam Hussein). It turned out that "Orao" was involved in maintaining and repairing jet engines for Iraqi MiGs, breaching the UN sanctions, but that was just the tip of the iceberg. Further investigation revealed that the whole network of factories – mostly in Serbia, but some in Bosnia and Croatia – were engaged in a massive deal to help Saddam Hussein bolster his army in the eve of the US invasion. The series of contracts, secretly closed between Saddam's and Milosevic's governments in late 1999, resulted in a flow of weapons and equipment to Baghdad, including armour-piercing missiles, rockets, anti-tank ammunition, tank engines, various explosives, chemical stabilisers, and grenade launchers, as well as missile fuel, MiG aircraft engines, spare parts and expert advice on how to configure air defences against the US. Although only a fraction of the multibillion dollar deal was implemented by the time the plot was discovered, it turned out that Milosevic's demise and the establishment of a pro-Western regime in Serbia had no effect on the agreement between Belgrade and Baghdad: in fact, the arms deliveries to Iraq peaked in 2002. As a side job, Belgrade was selling arms and equipment to Libya, also in breach of the UN arms embargo. There were also claims, in the International Crises Group's report in 2002, that Belgrade was also supplying Saddam with nerve gas and other chemical warfare agents. These claims turned out to be untrue.



Arms exports to Iraq and Libya were coordinated by Jugoimport SDPR, Serbia's official military procurement agency, which used a set of supposedly privately owned letter-box companies to hide its activities and bypass controls. Interestingly, one of these companies, known as JPL Systems, was known to be founded as far back as 1995, by the Serbian State Security, and was specialized in manufacturing and exporting rocket fuel to the Middle East. The name became famous when a secret manufacturing facility, placed in a floor-tiles factory near Belgrade, blew up in June 1995, killing 11 people. The incident was hushed up by Milosevic's regime at the time.

The scandal resulting from the Orao affair placed Serbian authorities in a difficult position. The government denied any knowledge of the Milosevic-Hussein contracts, claiming that the business unfolded behind its back by corrupted officials. After a hasty and secretive investigation, the head of Jugoimport, along with several other executives, was replaced, and JPL Systems and other similar companies were closed down. However, no criminal charges were ever brought against the suspected traffickers. Recent Amnesty International reports claim that weapons from Serbia and Bosnia-Herzegovina are still flowing into Liberia and DR Congo, fuelling the ongoing conflicts in these countries.

Although the Orao affair was by far the largest weapons smuggling operation since the end of the Yugoslav wars, the trafficking continued, albeit on a smaller scale. In 2001, NATO forces in Bosnia intercepted a large shipment of small arms – including armour piercing launchers and grenades – intended for ex-KLA guerrillas in Kosovo. The shipment was a part of a smuggling channel which was organized by the Bosnian Security Agency known as AID (Agencija za istraživanje dokumentacije), but also included top officials from the Bosnian Ministry of Defense. The AID was since disbanded and restructured, and members of the “Kosovo export team” are undergoing trial in Sarajevo.

Meanwhile, closer cooperation between Serbian, Croatian, and Bosnian law enforcement agencies led to disruption of several organized groups involved in smuggling smaller quantities of weapons – mostly handguns and automatic pistols – to Italy, Austria, and further to the West. Drugs were often found in the same cargos, confirming the existence of a link between arms and drug traffickers.

There has been some improvement on the legislative front as well. In Serbia, as well as in neighbouring countries, lax Tito's era laws on possession of firearms are now replaced by much tougher ones. One important change is that the licences to possess a weapon no longer automatically include a licence to carry it, and the possession of automatic weapons and explosive devices can now bring serious jail time to the offender.

In addition, in the past three years, a large quantity of surplus weapons owned by the national armies of the Western Balkans was destroyed as a part of a US-sponsored program. The program specifically targeted shoulder-launched anti-aircraft and armour-piercing rockets, as well as other weapons which could be used for terrorist activities.

Still, vast quantities of weapons left over from the war are still owned by civilians or poorly guarded, and may easily find their way in to the hands of terrorists. Not nearly enough effort has been made, for example, to secure industrial and military-grade plastic explosives, which are manufactured in several factories throughout former Yugoslavia, and can easily be obtained at the black market.



## V. Conclusions and Recommendations

The three main sectors of organized crime activities – trafficking in drugs, human beings, and weapons – are intertwined, and all three are deeply embedded in the pervasive culture of corruption in the region. Unhindered by ethnic prejudices, political differences, and lengthily bureaucratic procedures, they cooperate on the regional and international level much more efficiently than the governments and international organizations which are trying to suppress them. And although organized crime in the Western Balkans is by now widely recognized as the main threat against stability in the region and in Europe, there is no comprehensive strategy to address the problem, neither locally, nor in the EU.

On local level, the main obstacle in fighting organized crime is the unreformed security sector, especially in Serbia, and the poor and often dysfunctional justice system, especially in Kosovo. Serbia's size and geographic position puts it in central position in any attempt to stop the flow of illicit traffic through the region. However, Serbian security agencies, which played the pivotal role in setting up organized criminal groups throughout the 90s, currently operate without almost any legal or parliamentary supervision. The Security Act, hastily written and adopted by the Serbian Assembly in 2002, contains no provisions which would allow outside investigation of the Agency's activities: on several instances, attempts by Serbian courts and prosecutors to get even basic information regarding cases where BIA was involved were ignored, or even bluntly rejected. The agency is formally responsible to Serbia's Prime Minister, but even his authority is limited. Prime Minister can hire and fire BIA's Director, but even he does not have legal instruments to force the agency to do anything it essentially does not want to do.

The situation is not much different concerning other elements of the Serbian security sector: the military (with its own espionage services), regular police, and two smaller security agencies which operate under the auspices of the Ministry of Foreign Affairs. The failure to find and arrest fugitive General Ratko Mladic clearly illustrate this point.

The other problem in Serbia is its judicial system which, although constantly reforming, continues to operate with staggering inefficiency. In order to bypass this problem, two special courts – one for organized crime and the other for war crimes - were established in Belgrade in 2003. However, the courts are understaffed (only eight judges deal with organized crime) and they operate without political support. The present government, elected in 2004, sees Special courts as a legacy of their predecessors and political rivals, and some of its ministers – including minister of Justice – are openly opposed to their very existence. The marathon trial of the assassins of Prime Minister Zoran Djindjic is a telling example: after more than 30 months, there is yet no verdict; meanwhile, one prosecutor and the presiding judge have resigned, another prosecutor was arrested and charged for passing information to the criminals (he died in custody), two important witnesses were murdered, and the third has left the country fearing for his life.

Other countries in the region have problems, too. Croatia went furthest in putting its security system in order, but is still far below EU standards. In Bosnia-Herzegovina, two entities that comprise it – Republika Srpska and the Muslim-Croat Federation – each have their own police force, and each police force operates under different set of laws. The criminal codes in the entities are also different. So far, all attempts by Bosnia's international supervisors to unify the police and harmonize the laws have proven futile due to resistance by local politicians. Kosovo is a legal black hole: it is badly policed, and the justice system, despite international efforts, barely works. Macedonia, which is still recovering from the 2001 conflict between ethnic Albanians and Slavs, is doing only slightly better than Kosovo.

On the international level, there are some noble efforts, particularly SECI (the Southeast European Co-operative Initiative Centre for fighting trans-border crime), established in 1996. Now linked with



Europol, the SECI Centre in Bucharest, Romania, comprises 12 members (all ten Balkan countries, from Slovenia to Turkey, plus Hungary and Moldova) and 13 permanent observers. All twelve members maintain 24 police and customs officers at the SECI Centre. Meanwhile, SECI broadened its activities to combat trans-border crime involving trafficking of drugs and weapons, human beings, and money laundering. In 2003 it added task forces on Anti-Smuggling and Anti-Fraud, and Anti-Terrorism to include Small Arms and Light Weapons (SALW) and Weapons of Mass Destruction (WMD). However, even the best example of SECI's success – such as the Operation Mirage described in Part II of this paper – reveal its institutional limitations and weaknesses: out of 500 human traffickers arrested as a result of SECI cooperation by the end of 2004, only 50 went to trial, and only 5 resulted in conviction. The two other regional instruments for fighting organised crime in the region, SPOC (the Stability Pact's Initiative to Fight Organised Crime), created in Sofia on October 5, 2000, and SPAI (the Stability Pact's Anti Corruption Initiative) are mostly dormant.

Clearly, the EU and other members of international community need to engage much more actively in suppressing Balkan networks of organized crime. Besides the obvious reason, which is that most of the trafficked “goods” - drugs, weapons, and illegal aliens – end up on the EU soil, there are a few others. First, the Balkan crime networks are already firmly rooted in Europe, and the best way to eliminate is to address problem at the source, in their respective homelands. Second, the containment of the organized crime in the region would improve the economy and contribute to the overall political stability in the Balkans, allowing the EU to save some of its financial and political and military resources currently directed at maintaining the status quo. And finally, the countries of the region will some day become full members of the EU, and the sooner they get rid of the unwanted luggage of organized crime, the better.



The prospect of the EU membership is also the single major unifying factor in the Balkans, and it represents a powerful leverage for the much needed reforms. But the EU must lead the way and clearly define its goals and its means. In other words, the EU and its allies need to launch an offensive against the organized crime in the Balkans, or face defeat.

This offensive needs to simultaneously address three fronts:

- 1) The countries of the Western Balkans should be strongly encouraged, or even prodded, to undertake thorough reforms of their security sectors in order to make them more efficient, responsible, and corruption-free, and this should be placed high on the agenda of partnership talks. Specialized law enforcement units, departments, and agencies for fighting organized crime should be provided with enough human and material resources to allow them to perform optimally, and insulated from the political interference.
- 2) The security reforms must go hand in hand with the reforms of the judiciary systems in the region, which also need to be efficient, independent, and harmonized regionally, as well with the EU laws and principles.
- 3) The existing regional bodies for fighting organized crime need to be reviewed and rehailed. Those which are promising, such as SECI, should be given additional powers and resources, and others should be euthanised; a possibility of forming new interagencies should be considered.

On all these three fronts, fierce resistance should be expected. Nationalist politicians will protest against foreign meddling in their country's internal affairs; corrupted officials and bureaucrats will resist reforms, and they will team up with those who are simply incompetent, but eager to keep their positions. However, in this struggle, fighters against organized crime can count on a powerful ally: the people of the Balkans are sick and tired of being exploited by well-connected criminals, and they hate the prospect that their children may become drug addicts or are forced into prostitution. This makes the prospect of victory much more likely. But someone has to start the fight.



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